[Shri Rajiv Gandhi]

be borne entirely by the Union Government. Half the expenditure on subsidies will be picked up by the Centre. The remaining 50 per cent will be shared between State Governments and Nagarpalikas in such proportion as they might mutually decide. The banks have been instructed to extend loans to the extent of three times the subsidy we hope through the urban micro-enterprises component of the Nehru Rozgar Yojana to see a burgeoning of enterprise and initiative in urban India, a trend away from the hopeless search for secure, dull jobs which deaden the mind and spirit, and towards a regeneration of self confidence and self-reliance in our society through the encouragement of self-employment.

The flower of our youth must not be left to wilt upon the stem. Nothing so destroys the vivacity of our young men and women as the fruitless trudging in search of work from home to employment exchanges and back, from home to work sites and back. We must give opportunity to our youth. Our youth is full of talent. Our people are our richest resource. All they seek is opportunity. In return they are ready to give their all for their motherland. In this centenary year of the birth of the founder-architect of modern India, we launch the JRY and the NRY, together reflecting those initials—JN—which brought so much hope and pride and confidence to our country.

Madam Deputy Chairman, I thank you. And I would like to point out that the Members of the Opposition seem to have scant regard for the poor and the deprived, they have scant regard for the Scheduled Castes and the Scheduled Tribes, they have scant regard for the deprived and depressed women of India. Thank you, Madam Deputy Chairman. (*Interruptions*)

THE DEPUTY CHAIRMAN: Hon. Members, please sit down. Please take your seats. (*Interruptions*) Please take your seats. It is very, very unfortunate that a very good statement brought by the Prime Minister has not been allowed by the Members to be read in peace. I am very ashamed for the conduct of the Members.

The House is adjourned for lunch for one hour.

The House then adjourned for lunch at thirty-five minutes past one of the block.

The House reassembled after lunch at thirty-eight minutes past two of the block, **THE VICE-CHAIRMAN (SHRI JAGESH DESAI)** in the Chair.

SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA BILL, 1989—*Contd.*

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Yes, Prof. Asima Chatterjee.

PROF. CHANDRESH P. THAKUR: Sir, I have just to conclude my speech.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): All right.

PROF. CHANDRESH P. THAKUR: Sir, I would like to make my concluding remarks, just the concluding sentence.

Sir, in the end I would only say that I welcome this Bill, through

which we are going to create a new institution, which will serve the country in an area of its need. I also welcome its association with the IDBI for the simple reason that the IDBI has the expertise. I also welcome the fact that its headquarters will be at Lucknow, in a new area, which needs the physical presence of a dominant financial institution. I also welcome the range of activities which have been identified with this Bank. I would only like to remind the hon. Minister and his department that creating an institution for the purpose is just the first step and the purpose for which it is being created is not new. The very fact that we are going to create a new institution shows that we have discovered certain gaps in the way in which we finance small scale sector. For the accelerated growth of small scale industries, we expect that the method of supporting the small sector will be qualitatively a lot better than what it has historically been and for that creating an institution is just necessary. More important we need is the right kind of people who are interested in the small scale industries sector who have the competence and who have a new kind of zeal to go out of their offices and serve the needs of such institutions not only in providing finances but helping people in using finances in economically viable activities so that they are able to plow back and recycle this money in the rest of the country. With these words, I welcome the Bill.

PROF. (MRS.) ASIMA CHATTERJEE (Nominated): Mr. Vice-Chairman, Sir, thank you for giving me this opportunity to speak on The Small Industries Development Bank of India Bill, 1989. I support it. The Bill with 54 clauses and a large number of sub-clauses covered in 24 pages could have been concised highlighting the salient features.

However, the setting up of Small Industries Development Bank of India is a welcome step. The Government is to be congratulated for the efforts to promote and develop small-scale industres in urban and rural areas and to improve their financial position and also to coordinate the functions of the institutions engaged in the promotion, financing or developing industry in the small-scale sector, through SIDBI.

It would be pertinent to mention in this connection that the existing SSI contribute half of the country's industrial production and its share in the total exports is about 30 per cent. These sectors comprising about 16 lakh units give employment to 107 lakh persons. Thereby, the sttting up of SIDBI by the Government of India is, indeed, laudable as it would render great service through loans or advances to the small-scale industries, many of which are now on the verge of sickness, their survival being questionable.

We know that small sectors of industry want their entire credit requirements to be met by the banks. The existing system of seeking working capital from the banks and the fixed capital requirement from the State Financial Corporation concerned, according to the entrepreneurs, is not conducive to the planned growth of the industry. For this reason, this Bill seeks to establish an apex financial institution for promoting and developing the small sectors. The headquarters will be located at Lucknow with branches in all the States. This is acceptable.

[Prof. (Mrs.) Asima Chatterjee]

In clause 4 on page 3, it is stated that the authorised capital of Small Industries Bank shall be two hundred and fifty crores of rupees, which may be enhanced to one thousand crores of rupees by IDBI. I feel that if SIDBI be a subsidiary company of IDBI as I understand, this might create administrative and operational difficulties as SIDBI will not have the independent status and have not much say on many important issues. This may defeat the purpose for which SIDBI is being established.

The main objective of setting up this Bank is to generate employment for the rural youth and educated unemployed youth who will receive adequate facilities for setting up industries in rural and even in remote corners. In this context I would like to know from the hon. Minister what are the criteria as also the minimum infrastructure to be fulfilled by any industral concern in the small sectors so that they can have financial assistance from SIDBI.

Most of the small industries entrepreneurs do not have training nor do they know marketing problems. They may not be conversant with newer technologies and rural technologies so essential to increase the productivity. It deserves mention in this context that the small sector not only encounter difficulties in procuring raw materials, plants and machineries but some of these are to be imported. How will these problems be solved? How can they receive assistance in these vital matters? Marketing facilities also pose a major problem to SSI entrepreneurs and to the small scale concern. In these respects, what procedure SIDBI will adopt to help them? This needs clarification.

It needs emphasis that the subsidies to be granted to SSI are to be released without inordinate delay. The procedural delays are to be avoided.

After disbursement of funds, there should be proper and regular monitoring so that SSI may not divert the funds to develop some other areas without prior permission from SIDBI. Clause 23 in the Bill is important because by the application of this clause it will be possible to control management of a number of institutions/organisations of small industries. There should at least be one such SIDBI branch in every district in future.

Sir, for some time past there has been a disturbing increase in the incidence of sickness in small scale sector, from 58,551 as on December 1982 to 1,45,776 on December, 1986. Percentage of sick small units to the total number of small scale units has also gone up from 5.6 to 7.8 during the period.

The efforts by Development Commissioner under the Union Ministry for Industry at the Centre, the apex agency at the national level, concerned with the development and promotion of SSI and the efforts by DIC, the direct industries centre operating at the grass root level will provide all the services and support as required by the villagers and small entrepreneurs under a single roof.

Now, coming to clause 6 relating to the constitution of Board for the management of SIDBI, I strongly feel that women, members of Scheduled Castes and Scheduled Tribes as well as experienced senior people from villages who are fully aware of the

problems should be included in the Board of Directors of the Bank.

Lastly, Sir, the default clause is very big. It is stated that no person shall be appointed Director if he be of unsound mind. I think that in such cases much importance should not be attached to the verdict of the court as mentioned in clause 6. It is better to have him examined by a psychiatrist if necessary.

Clause 38 relates to the rights of SIDBI in case of default. But before taking over the management or possession, the industry concerned must be given opportunities to defend, 'Show cause' notice may be issued.

However, I must say that SIDBI would meet a long felt need of the small units. The assistance of SIDBI should be extended to the sick units for their revival and healthy growth.

With these words I conclude and I support the Bill.

श्री मीर्जा इरफानबेग (गुजरात) : माननीय उपसभाध्यक्ष महोदय, पुनः एक बार राजीव गांधी के नेतृत्व वाली कांग्रेस सरकार ने भारतीय लघु उद्योग विकास बैंक विधेयक, 1989 ला करके अपना वायदा पूरा किया है। सरकार ने 1988-89 के बजट भाषण में भारतीय लघु उद्योग विकास बैंक स्थापित करने संबंधी अपने आशय को स्पष्ट किया था। लघु उद्योग क्षेत्र में उद्योगों की अपेक्षा पूर्ति संबंधी वर्तमान संस्थागत व्यवस्था को मजबूत एवं व्यापक बनाने संबंधी भारतीय लघु उद्योग विकास बैंक की स्थापना में समझता हूं कि सही दिशा में एक ठोस कदम है। देश में तमाम औद्योगिक उत्पादनों की 35 प्रतिशत का योगदान लघु उद्योग क्षेत्र का है। इस सेक्टर ने 1988-89 तक 107 लाख लोगों को रोजगार के अवसर प्रदान किये हैं। निर्यात में भी इसी का अधिक योगदान रहा है। लघु उद्योग विकास बैंक इस विकास की यात्रा को अधिक मात्रा में गतिशील करेगा। इसका दूरगामी असर गांवों से शहरों की ओर दौड़ की रोकथाम को ज्यादा करेगा और रोजगार के नये अवसर प्रदान करने की दिशा में तेजी लायेगा। माननीय, नेशनल कमीशन ऑन बैंकिंग ने 1972 में कई सुझाव दे कर बैंकों के अरबन ओरियेंटेशन को खत्म करने को कहा था। माननीय, यह विधेयक इनकी पूर्ति संबंधी साधन हो सकेगा। 1988 में आल इंडिया क्रेडिट सर्वे की रिपोर्ट में यह कहा गया था कि रूरल क्रेडिट का परिमाण सिर्फ एक प्रतिशत है, ग्रामीण जनता को बैंकिंग क्षेत्र से कोई लाभ नहीं है और न ही आम जनता को है। इसी के संदर्भ में महान नेता स्वर्गीय श्रीमती इंदिरा गांधी ने बैंकों के राष्ट्रीयकरण का कदम उठाया और इसी सदन में देश की जनता ने देखा कि देश की आम जनता के हितों के रखवाले कौन हैं, समाजवाद के हामी कौन हैं और देश का प्रतिक्रियावादी ताकतें, पार्टियां तथा नेता कौन कौन हैं। बैंकों के राष्ट्रीयकरण के दो दशक इसी वर्ष 19 जुलाई को संपूर्ण हुए और इसके फलस्वरूप आज देश के पिछड़े क्षेत्रों में बैंकों ने 2336 करोड़ रुपये का निवेश करके 40 प्रतिशत योगदान जुटाया है जो सिर्फ कांग्रेस की नीतियों और उसके नेतृत्व का ही परिणाम एवं निपज है। माननीय, इस विधेयक के प्रस्ताव के संबंध में मेरे कुछ विचार हैं जिसे मैं प्रस्तुत कर रहा हूं। माननीय, गृह उद्योग तथा कुटीर उद्योग इस विकास बैंक के क्षेत्राधीन लाए जाने चाहिए। इस बैंक का एडमिनिस्ट्रेटिव ढांचा ब्यूरोक्रेटिक बनकर न रह जाये और जीवंत तथा गतिशील रहे इसलिए आवश्यक है कि इसमें ग्रामीण क्षेत्रों के लोगों, सहकारिता एवं कृषक प्रतिनिधित्व अधिक हों और माननीय, इसका प्रयास अभिनन्दनीय है। माननीय, जन प्रतिनिधियों का प्रतिनिधित्व भी लाभदायक सिद्ध हो सकता है। सरकार यदि इस स्टेज पर कर सकती है तो मेरा सुझाव है कि इसके बोर्ड में नियमों के अधीन शिड्यूल्ड कास्ट्स, शिड्यूल्ड ट्राइब्स तथा समाज के मेजोर

[श्री मीर्जा इर्शादबेग]

वर्गों को भी प्रतिनिधित्व दिया जाये। मान्यवर, लघु उद्योग क्षेत्र को उत्पादन के संबंध में अधिक सुरक्षा तथा सहायता देना अनिवार्य आवश्यकता है जो राष्ट्र हित की वस्तु है। बैंकों के राष्ट्रीयकरण के समय से एडवांसेज 286 करोड़ रुपये से बढ़कर 16 हजार करोड़ रुपये तक पहुंच गये हैं किन्तु तंत्र की त्रुटियों तथा बैंकों के भ्रष्ट तत्वों ने लक्ष्यों के लाभों की प्राप्ति में अवरोध उत्पन्न किया है।

लघु उद्योगों की स्थापना तथा उद्योगों के चयन संबंधी भौगोलिक तथा औद्योगिक आवश्यकताओं को अज्ञानता में किया गया आयोजन, समय पर ऋण उपलब्ध न करवाना और अप्रमाणित भ्रष्ट अधिकारियों द्वारा उद्योग से हसिक नवयुवकों को हतोत्साहित करने वाला रवैया लघु उद्योग क्षेत्र में रुग्णता लाया है। माननीय मंत्री जी आपके तमाम आयोजन कुछ भ्रष्ट अधिकारियों द्वारा तहस नहस किये जा रहे हैं। मान्यवर, सरकार के परिपत्रों का खुला हास और अवहेलना बैंकों में आम वस्तु है। बैंकों का अभिगम आज भी मान्यवर, सहकारी प्रथा के अनुरूप है और नये लिबास में ये रोग फिर से उभरे हैं। मैं मान्यवर मंत्री जी से निवेदन करूंगा कि वे इसको रोकें। इसी तरह से शिक्षित बेरोजगार युवकों के लिए जो स्वरोजगार के कार्यक्रम चलाये गये हैं उनमें देखा गया है कि जितने भी उनको लक्ष्य दिये गये थे उन लक्ष्यों की पूर्ति नहीं की गयी। मान्यवर, इस दिशा में मेरा यह निवेदन है कि इस क्षेत्र में फिर से झांककर देखें कि किस प्रकार से उनके जो आवेदन मिलते हैं और जो लक्ष्य निर्धारित हैं, बैंकों द्वारा जो सिक्योरिटी को जाती है, इसमें परसेंटेज बहुत कम है और रिजेक्शन रेशियो जो बहुत बढ़ गया है इसको दूर करने के लिए एक नये सिस्टम की आवश्यकता है। लघु उद्योगकारों को बैंक भीख या अहसान देने की भावना से कार्य न करें। इस संबंध में सूचना दी जाये और उन्हें व्यवहार और विवेक सिखाना होगा। अपने इस संबंध में तंत्र जटिलताएं तथा प्रोसीजर इतने लम्बे तथा जटिल बनाये हैं कि जिससे विलम्ब होता है और वित्तीय क्षेत्र में विलम्ब रिश्वत को खूब पनपता है इसलिए अर्जी देने के पश्चात् कम से कम 3 महीने में ऋण प्राप्ति सुनिश्चित करवानी चाहिए।

मान्यवर, बैंकों का अभिगम यह है कि प्रत्येक व्यक्ति अप्रमाणिक है और चोर है। माननीय मंत्री जी, केन्द्रीय विजिलेंस कमीशन की रिपोर्ट इस संबंध में इस पर अच्छी तरह से प्रकाश डाल सकती है। उसको देख लिया जाना चाहिए। मान्यवर, इस क्षेत्र को सबसे बड़ी हानि इससे ही पहुंचती है। बाजार की बिक्री व्यवस्था में इस क्षेत्र की टक्कर हो जाती है। बाजार में स्थापित हितों, लार्ज स्केल तथा मल्टी नेशनल तत्वों या इसके हितों की रक्षा करना और उसको प्रोत्साहित करने एवं संरक्षण देने की विस्तृत व्यवस्था की आवश्यकता है।

विकास बैंक की प्राधिकृत पूंजी 250 करोड़ है और इसकी मर्यादा 1000 करोड़ रुपये है। इसमें इजाफा करने की आवश्यकता है। मान्यवर, देश में एक गलत प्रक्रिया चली है। नान बैंकिंग इंस्टीट्यूशंस में डिपाजिट्स की मात्रा बढ़ रही है। यह एक खतरनाक बात है और लंबी अवधि में लोगों के विश्वास को ठेस देने का मुझे संदेह है। मान्यवर, आर.बी.आई. को इस पर सख्त कार्यवाही करनी चाहिए तथा अधिक पूंजी इस विकास बैंक को देने की मैं मांग करता हूं। देश में मणिपुर जैसे राज्य में 22 हजार की जनसंख्या पर बैंक का एक दफ्तर है तथा गोवा जैसे राज्य में 4 हजार की जनसंख्या पर एक बैंक का आफिस है और शहरी विस्तारों में इसका प्रमाण अधिक है। ग्रामीण क्षेत्रों में इनका अधिक विस्तार करना चाहिए और ग्रामीण क्षेत्रों में इसके अधिक दफ्तर खोलने की मैं मांग करता हूं। मान्यवर, अंत में मैं इतना ही कहना चाहूंगा कि लघु विकास बैंक की स्थापना बैंकिंग क्षेत्र के पर्यावरण में विकेन्द्रीकरण की प्रक्रिया एक छोटा सा दृष्टांत है।

अंत में सिर्फ एक पाइंट कहकर अपनी बात खत्म करूंगा। जैसा कि मैंने पहले

कहा कि जो स्वरोजगार की ग्रामवार योजना चल रही गयी है इस सिस्टम में कुछ गलती है। एक तरफ हम आवेदन लेते हैं जिला उद्योग सेंटर पर लेकिन बैंक में इसके लक्ष्यांक अगर देखे जायें ... मान्यवर, मैं आपके समक्ष यह कहना चाहूंगा कि मुझे शिक्षित बेरोजगार युवकों के स्व-रोजगार के अन्तर्गत मैं आपसे दो-तीन दृष्टांत देकर अपनी बात खत्म करना चाहता हूं। बड़े राज्यों में से बिहार एक राज्य है जिसका निर्धारित लक्ष्य जो था 14,800 और जिला उद्योग केन्द्रों द्वारा स्वीकृत आवेदनों की संख्या थी 12,849 और, मान्यवर, बैंकों ने कितनी अर्जियों को स्वीकृत किया--12,025।

इसी तरह, मान्यवर, गुजरात में निर्धारित लक्ष्य 5,350 थी और जिला उद्योग केन्द्रों द्वारा स्वीकृत आवेदनों की संख्या थी 12,849 और उसके अंदर सिर्फ जो मंजूर किये गये हैं, जो स्वीकृति दी गई बैंकों द्वारा, वह 5,293 थी।

इसी तरह मध्य प्रदेश, जम्मू और कश्मीर, और उत्तर प्रदेश में भी इसका जो रिजेक्शन रेशो है उसको इतना ऊंचा उन्होंने पहुंचाया है और बैंकों के द्वारा जो स्वीकृति दी गई है, उसका परसेंटेज, जो लक्ष्य निर्धारित किया था, उससे भी कम है!

इसलिए, मान्यवर, मैं आपके माध्यम से मंत्री जी से यह निवेदन करना चाहूंगा कि वह इसमें देखें कि इसके रिजेक्शन रेशों घटाने की व्यवस्था इस तरह की जानी चाहिए कि एक तो आपका सिस्टम बदलना चाहिए कि जिला उद्योग केन्द्रों ने अगर इतनी अर्जियां स्वीकृत की हैं और उसके पश्चात् अगर बैंकों का रिजेक्शन इतना सारा बढ़ जाता है, तो कहीं उसमें त्रुटि है। या तो उनका जो अप्रेजिसिंग है, वह लोग जो अप्रेजिसिंग करके उसकी स्क्रूटनी करते हैं, उसकी व्यवस्था में कोई खामी है। अगर इसकी खामी में आपको दोष नहीं दिखाई देता है, तो मैं समझता हूं कि बैंकों के अपने सिस्टम में कोई खामी है। इसलिए इस ढांचे को बदलने की मैं मांग करता हूं।

इसके साथ मैं अपना सम्पूर्ण समर्थन देता हूं कि कांग्रेस ने इसके पहले भी और इस सरकार ने जो-जो वायदे किये हैं, समय-मर्यादा में उनको पूरा करने की उन्होंने पूरा प्रयास किया है, जो देश की जनता के विकास के लिए और देश के औद्योगिक विकास के लिए इसकी सम्पूर्ण नीतियां उन्होंने बनाई हैं, उसकी दिशा में सरकार के सशक्त कदम हैं।

मैं मंत्री जी को इस पर खूब बधाई देता हूं और जैसा कि मैंने पहले—जब बिल रखा गया था, तब मैंने एक प्वाइंट आफ आर्डर उठा कर कहा था और मैं फिर से अपनी उस बात की पुनरुक्ति करना चाहूंगा कि यह जो बिल लाया गया है, इसका हिंदी भाषांतर जो है, मैं समझता हूं कि मेरी समझ में तो आता नहीं है और इसके साथ ही मैं समझता हूं कि हिंदी समझने वाले जो लोग हैं, उनकी समझ में भी यह भाषा नहीं आती है। इसलिए यह आश्वासन मुझे सदन में दिया गया था—इसलिए आपके माध्यम से मैं निवेदन करना चाहूंगा कि आइन्दा जब कभी ऐसे बिल लाये जाएं, तब बिल की भाषा ऐसी होनी चाहिए कि हिंदी का ज्ञान रखने वाले को वह कम से कम समझ में आ सके। उसको पंडित के पास न जाना पड़े!

इन्हीं शब्दों के साथ मैं अपना हार्दिक समर्थन व्यक्त करते हुए आपका धन्यवाद करता हूं। धन्यवाद।

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): Sir on a point of clarification. The honourable Member has said that there were some sort of mistakes in the translation of the Hindi version. But these mistakes were

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immediately set right by issuing a corrigendum which was done, in fact, before the point was raised by the honourable Member. The corrigendum has been sent to him as well as to other Members.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): What he wanted to say is that it should be in simple Hindi.

SHRI EDUARDO FALEIRO: Whatever it may be, it is not only a question of simple Hindi. The point that he had raised in the last session when he spoke was that there was a discrepancy between what was said in Hindi and what was said in English. To that my answer is, this discrepancy was there, it was corrected, however, and the correction was sent to him as well as to other Members of the House before this point was raised here in this forum.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Mr. Swaminathan. Five to seven minutes, please.

SHRI G. SWAMINATHAN (Tamil Nadu): Mr. Vice-Chairman, Sir, most probably, the point raised by the honourable Member regarding Hindi was that he did not want a mistake to be committed and corrections made later on. That is what I think I had heard from him.

Sir, when you indicated that I was to speak after the honourable Member who has just spoken, I was a bit worried that the honourable Minister was not in his seat. I am now happy that he is here because within the few minutes you have allotted to me, mostly I would like to seek some clarifications.

Sir, I am very happy that this Small Industries Development Bank of India Bill is brought here, and I hope that it will do some good to the small-scale industries. The main point, as I see the Bill, is that it is not very clear about the purpose of this Bill. It has been stated that the purpose of the Bill is "promotion, financing and development of industry in the small-scale sector and to coordinate the functions" of the various institutions engaged in similar functions. Already there are many institutions which are giving finance and especially working capital and also other funds to small-scale industries. Now finances are being given by banks, most of the nationalised banks and also some other banks which are not nationalised. Funds are also being given by the State Industrial Investment Corporations. Funds are also being given to a certain extent by the SIDCO and other institutions. Now it is not clear to me why another institution is being started and what is the specific purpose of this institution. It is said that this will be a subsidiary of the IDBI. The IDBI funds are already being given to the Industrial Investment Corporation. Other funds are also being given by the Reserve Bank for various purposes. The banks are also being instructed that they have to help small scale industries. The hon. Minister has been telling here before also that the banks have been financing all these industries to a satisfactory level. The Industrial Investment Corporations of the States, which have been funded by the IDBI are also giving term loans to these industries. Now we actually want to know what the specific purpose is of this Small Industrial Development Bank. Are they going to monitor these funds again through the banks, the term loans through the Industrial Investment Corporation? I am not very clear whe-

ther they are gong to give the money directly also because there is a provision in the Bill that they will give to the Industrial Investment Corporation and they will also give term loans directly and they will also give working funds directly. There is actually a provision in the Bill. Why are you creating another structure when the working capital funds are being given by the nationalised banks? Why is again the Small Industrial Development Bank going to be directly involved in the working capital funding of the small scale industries? And what will be the arrangement? That is what I particularly want to know. If the term loans are being given by the Industrial Investment Corporation, why is the Small Industrial Development Corporation also to give them? To be very clear, what is the reserved area which you envisage for the Small Industries Development Bank, which the IDBI has not already done? According to the IDBI, they have already been financing to their content. Is there any beneficial purpose coming out of this thing? I want to know about this.

Again, coming to the Board of Directors, I find in section 6 they say that there are 13 Directors involved in the Bank. Various categories are being enumerated, and ten of these Directors are going to be appointed apart from the IDBI Managing Director, the Reserve Bank nominee etc. There is a section which says that the Board of Directors will come from small scale industries and that some experts will be appointed on this Board. I am not very clear about "experts" in this Bill. Are you going to have real entrepreneurs who are in the small-scale industry or experts who are economists on the Board? I personally feel that when the Small Industries Development Bank is going to be inaugurated for the purpose of small scale industries, small scale industries themselves should have at least two or three berths on the Board of Directors. The berths in most of the nationalised banks you are giving to big people, to big industries. You have created so many posts of Directors in various banks. Chartered Accountants are there, and so many other people are there. But small scale industries are not finding a berth in any of the nationalised banks, and they are not finding a berth in the Industrial Investment Corporation also which is completely funded by the State, and also the working capital funds are being given by the IDBI. There is no opportunity for these people to be on the Board of any bank. If you are going to start the SID Bank, then, it will be incumbent on your part to give at least two or three nominees for small-scale entrepreneurs. By saying "experts", you may not give to entrepreneurs. That is what entrepreneurs are worried about.

Again regarding capital, you say that you are going to have Rs. 250 crores initially. This equity capital is going to be another Rs. 1,000 crores, up to Rs. 1,000 crores, and the whole thing will be funded by the IDBI. I am not able to understand why, if you are going to have it for small scale industries, you cannot have one section of funding. That is the equity capital from small-scale industries themselves. According to the estimate that has been given by the Government, there are about 150 lakh small-scale industries in India. Out of these 150 lakh small-scale industries in India, even if you forgo about 50 lakhs which are sick, there will be about 100 lakh small scale industries in India. Even if you collect about Rs. 2,000 from each person, you may be able to

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collect between Rs. 30 crores and Rs. 50 crores by way of equity capital from the small-scale industries themselves. I do not think that small scale industries will be averse to pay equity capital to the SIDBI as a portion.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Is it 150 lakhs?

SHRI G. SWAMINATHAN: That is the estimate that has been given. The total small scale industries in India, what I have read, are about 150 lakhs . . . . (*Interruptions*) . . . No, 15 lakh units.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Yes.

SHRI G. SWAMINATHAN: Even if 15 lakh units are going to fund about Rs. 1000 or 2000 per unit by means of equity capital, according to my calculation even if it is Rs. 2000 per unit he may be able to get Rs. 30 crores of funding and that equity capital can be by IDBI and equity capital can be from the small scale industries also. If we have one portion of the equity capital, then, small scale industries themselves can be elected and they can form a part of the Board of Directors. That is the suggestion I want to give to the hon. Minister.

Then again none of the small scale industrialists, unions or their associations have been consulted before drafting this Bill. This Bill has been drafted, as I understand, by the bureaucrats, by the Government and most probably by the Advisers. What they should have done before drafting this Bill is they should have consulted at least some of the small scale industrialist associations both at the all-India level and the State level. There are many associations. If they had consulted small scale industrialist associations, they would have offered more suggestions. Now, the suggestions are being offered to the Members of the Rajya Sabha. As the Bill has already been passed by the Lok Sabha, I do not think that whatever suggestions we may be able to offer here will be considered.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): For future action.

SHRI G. SWAMINATHAN: If there is a possibility they can have that kind of consultation.

Then, again, Sir, I find that the head office of the SIDBI is going to be Lucknow. I am not averse for any reason that head office should not be at Lucknow. I personally feel, it will be better if you have this office somewhere in the centre of India because small scale industries for some reason or the other may have to go to the head office of the bank. It may be possible because it has been stated that SIDBI itself is going to lend money to these people and the branches at State level may have an option to lend money only to a certain extent. For certain reasons they have to come to Lucknow. A small scale industrialist in Kanyakumari in Tamil Nadu may find it difficult to come to Lucknow. If the SIDBI head office is located somewhere—I won't say Madras—at least if it is located somewhere in Hyderabad it would be much better than having it at Lucknow. I want to know from the hon. Minister why Lucknow has been selected. He should have some reason why Lucknow should have been selected. Lucknow may be the capital of the largest State in the country. That is a different matter altogether. But SIDBI and Lucknow, what is the connection I am not able to understand. I hope the hon. Minister

will be able to give his explanation. Then, coming to the powers of the director, in the Bill it has not been enumerated as to what are the powers of the directors. Normally, in the Memorandum of Association of limited companies, powers are clearly defined. Now the whole thing is debased. Now, the Managing Director is going to be there for five years. He is going to be there for five years and his term may be for another five years. The Managing Director can give a notice for three months and then the Government can give a notice for three months. All these small things, small points, how to eliminate a Managing Director is found in the Bill but what are the powers of the Director is not found in the Bill. I do not know whether you are going to give powers to the Managing Director or you are going to have him as a dummy. This is what I want to know.

Then, Sir, in the miscellaneous provisions clauses 38 to 43 are very alarming. I find in these clauses so many sub-clauses where loans are given to small scale industrialists. When the loans are given, the loans are not properly repaid. In a section it has been stated that the loans that will be given can be turned into equity capital. That means the Government is going to be a participant in the small scale industries. The Government is too big an affair. It is something like a big elephant. If a representative of a big elephant is to come to a very small shop, then, small scale industries will not be able to manage that kind of a director. May be you can have in a large scale industry, a large scale industry which does not pay your loan or whatever it is, you can convert it into equity capital and you may threaten large scale industries that we will have a director in your company. Suppose, it is a Reliance Company or DCM company or whatever it is, you may have your director. Then, there is no point in saying that we will have a director in the small scale industry. The total capital in the small scale industry itself is Rs. 35 lakhs. Most probably SIDBI may give Rs. 10 or Rs. 15 lakhs or whatever it is. If he does not pay the loan for about a year or three years or four, may be about Rs. 4 to 5 lakhs he does not give, then, most probably it will have a director in your place and the travelling expenses of your director may be much more than Rs. 5 lakhs in a period of time. I would like you to consider that. Why you are theatening these people with this kind of very strong powers? That is what I feel. Clauses 38 to 43 say that if you do not give the money then I will take action.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): But this can only be done provided they are companies established under the Companies Act. But what about the firms?

SHRI G. SWAMINATHAN: No, no, why you say Directors? You have got all the powers. You have got the writing power. You can ask them to get it. Then, if you really read from clauses 38 to 43 —how many clauses you have got —I do not have time because you have given me five minutes—anybody will get afraid. You say, I will take your power, I will turn your equity capital. I will turn your loan into equity capital. I will have a Director in your place. All kinds of sections are there. Nearly 10 sections of your Bill deal with it. How will you deal with a small scale industry if he does not pay your money? That is what I find and why do you have a strong section which threatens the people? Before the

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elections, you are getting a Bill to support the small scale industries and you should get the support. I am one who is interested in your Government. I would only very much like that you get a Bill of this nature where lakhs and lakhs of the small scale industries support your Bill and feel happy about your Bill. Now, you are getting a Bill which is threatening the very core and existence of these people. That is what I am worried about. I wish you to think about it both economically and politically. I think it is not advisory clause that you have put in the Bill.

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Now the last point.

SHRI G. SWAMINATHAN: Now what the SIDB is going to do with the sick units? The Commercial Banks do not do it. Nowadays even though we may say that the Commercial Banks have to lend money to small scale industries and they should see the project and security, what is ultimately happening is, many of the nationalised banks are seeing the security arrangements and not the project aspect. I know of a particular case in Madras. Very recently, a friend of mine told me that he approached the Canara Bank at Madras at Teynampet and he wanted Rs. 1 lakh loan for a very good project. When he went there, the bank asked him for security. The Reserve Bank of India has been asked by Parliament not to ask for security from small scale industries especially from people who want loan up to Rs. 2 lakhs. This Canara Bank wanted security from this person saying that he should give a security and he was prepared to give security. Then they said, "not your security, but your wife's property security, collateral security". This matter has been raised in Parliament and the hon. Minister then gave an assurance I do not know whether the hon. Minister now present has given an assurance—that no security will be asked from the small scale industries, either own security or collateral security. There was another meeting of the bankers here on which I was also present. Then he said, not of small scale industries. Up to Rs. 2 lakhs, you can be very certain that no security will be asked. I can give the case to the hon. Minister and this gentleman asked security by himself, by the entrepreneur and security of his wife's property, assets you have collateral security because the gentleman wanted Rs. 50,000. If this is going to be there, the policy enunciated by the Government and the practice followed are completely at variance and I hope the SIDB will not force these industries to do all these things. Sir, I will only read the points with your permission. One more point regarding clauses I will quote. I do not know whether I will have an opportunity to read all these sections and talk about it. Section 24 says, the definition of the value of the small scale industry. The value has not been specifically given. I am not able to understand because in the statute I find various values are given. Now cost accounting control rules and all that, there was a specification regarding pharmaceuticals and other industries where it has been given as Rs. 25 lakhs. Even Rs. 25 lakhs has already been defined. Some of the Acts and the rules which are being brought by the Government are enunciating different amounts. I want to be very clear. Under section 24, the amount is Rs. 35 lakhs.....

THE VICE-CHAIRMAN (SHRI JAGESH DESAI): Now please conclude. You can give the points to the Minister in writing.

SHRI G. SWAMINATHAN: I think so. Finally, I would request the hon. Minister regarding the factoring services. It is a welcome thing and I would request the hon. Minister to explain this so that people can understand how the credit to the Government whether it will also rule the Government because the factoring services, as it has been advocated by Japan and other countries, the small scale industries are protected from the large scale industries against non-payment for a number of days. In the factoring services where the Government gives guarantee regarding the credit given by the small scale industries to other people will also govern the larger industries by the Government because many of the small scale industries are now dependent on the Government industries. I can tell you of an example. There are so many ancillary industries. BHEL is now having an ancillary industry. Suppose I give you as a small-scale industry and I have to wait for six months for payment. Will the Government protect me under this section? This is what I want to know.

Again, there should be a national commission for small-scale industries which has been clamoured for by small-scale industries for a long time. I request the hon. Minister to seriously think about this matter and try to do his best.

There are various other aspects of the Bill on which I may like clarifications. I hope I will be given a chance when the actual Bill is taken up so that I can speak on particular sections. Thank you very much for having given me this opportunity.

श्री नरेश सी० पुगलिया (महाराष्ट्र): उपसभाध्यक्ष महोदय, भारतीय लघु उद्योग विकास बैंक विधेयक, 1989 जो हमारे वित्त मंत्री जी लाए हैं, इस विधेयक का मैं स्वागत करता हूं और पूरे दिल से इसका समर्थन करता हूं।

उपसभाध्यक्ष महोदय, केन्द्र सरकार ने पिछले 4-6 महीने में जो 4-5 क्रांतिकारी कदम उठाए हैं, उनमें यह एक क्रांतिकारी कदम है ऐसा मैं मानता हूं और इस विधेयक के पास होने के बाद

[उपसभापति पीठासीन हुईं]

इस देश के करोड़ों करोड़ हमारे बेकार युवकों को इस लघु उद्योग विकास बैंक के माध्यम से स्वरोजगार के लिए, अपने पैरों पर खड़े होने के लिए बहुत बड़ी मदद होगी, ऐसा मैं मानता हूं।

उपसभापति महोदया, बैंकों के राष्ट्रीयकरण के बाद इस देश की जो सर्वसाधारण जनता की पूंजी थी, जिसका उपयोग राष्ट्रीयकरण के पहले इस देश के चन्द औद्योगिक और पूंजीवादी घराने करते थे, लेकिन इस देश की एकमात्र नेता स्वर्गीया श्रीमती इन्दिरा गांधी ने बैंकों का राष्ट्रीयकरण किया और उस राष्ट्रीयकरण के बाद उन बैंकों में जो जनता का धन था, उस धन का सही मायनों में, सही ढंग से उपयोग होना शुरू हुआ और आज हम देखते हैं कि देश में औद्योगिक क्रान्ति हुई है और इस औद्योगिक क्रान्ति में आई०डी०बी० आई० का और दूसरे राष्ट्रीयकृत बैंकों का बहुत बड़ा हिस्सा है। लेकिन यह करते समय जितनी तेजी से नेशनलाइज्ड बैंकों ने इस देश के अंदर बड़े उद्योगों को कर्जा दिया, बड़े उद्योगों को मदद दी, उसकी तुलना में छोटे उद्योगों को जितनी मदद मिलनी चाहिए थी, उतनी मदद नहीं मिली। अगर मदद की तो मदद के बाद वर्किंग केपिटल या दूसरे रा-मटिरियल की उन्हें आवश्यकता है तो समय पर पैसा न मिलने से जो उन्हें पैसे की आवश्यकता है वह न मिलने के कारण इस देश में लाखों उद्योग आज सिक यूनिट के रूप में पड़े हैं। तो इस बैंक के निर्माण के बाद मुझे उम्मीद है कि इस देश में जो आज 5 करोड़ युवकों की संख्या बेकार है, ये बेकार युवक—केन्द्र में, राज्य में कांग्रेस की सरकार रहे या किसी भी पार्टी की सरकार रहे, हर युवक की अगर वह चाहता है कि

[श्री नरेश सी० पुगलिया]

डिग्री लेने के बाद, मैट्रिक के बाद, ग्रेजुएशन के बाद, पोस्ट ग्रेजुएशन के बाद अगर मैं दफ्तर में नौकरी करूं तो वह पासिबल नहीं है। अगर उस चीज को रोकना है तो हमें इस प्रकार के बैंक के निर्माण के बाद इस देश के करोड़ों युवकों को इस बैंक के माध्यम से उन्हें स्वरोजगार की पूरी सहूलियतें दी जाएंगी और साथ ही साथ मैं कहना चाहूंगा कि एक तरह हम आज बड़े उद्योगों को कर्ज देते हैं, उसको लगाने की हम कोशिश करते हैं, उपसभापति महोदया, मैं जिस चन्द्रपुर जिले से आता हूं महाराष्ट्र के, मेरे जिले में काफी बड़े उद्योग हैं दो-दो सौ करोड़ की सीमेंट इन्डस्ट्रीज हैं पन्द्रह-पन्द्रह सौ करोड़ के सुपर थर्मल पावर स्टेशन हैं। अगर एक दो सौ करोड़ रुपए की सीमेंट इन्डस्ट्री में दो सौ करोड़ रुपए का अगर आप इन्वेस्टमेंट करते हैं, केन्द्र सरकार और राज्य सरकार अपने फाइनेंस इन्स्टीट्यूट से पैसा देती है, तो दो सौ करोड़ रुपए के इन्वेस्टमेंट के बाद अगर दो हजार लोगों को रोजगार मिलता है, लेकिन अगर आप स्माल स्केल इन्डस्ट्रीज में दो सौ करोड़ रुपए का इन्वेस्टमेंट अगर राज्य सरकार या केन्द्र सरकार या जो नई बैंक निर्मित होने जा रही है, लघु उद्योग विकास बैंक, इस बैंक से अगर हमने दो सौ करोड़ रुपया लघु उद्योगों के लिए दिया तो उसमें रोजगार मिलने की संख्या, आज जो बड़े उद्योगों में रोजगार मिलता है उससे 10-15 टाइम ज्यादा होती है। अगर दो सौ करोड़ रुपए स्माल स्केल इंडस्ट्री में देते हैं तो उसमें 20 से 30 हजार लोगों को रोजगार मिलेगा। इस प्रकार से अगर लघु उद्योगों को देश में प्रोत्साहन नहीं दिया, कुटीर उद्योगों को प्रोत्साहन नहीं दिया तो हम ग्रामीण विकास नहीं कर पाएंगे। अगर ग्रामीण विकास में सही मानने में हमारी दिलचस्पी है तो हमें इस प्रकार के ग्रामीण उद्योगों को प्रोत्साहन देना होगा। इसको मद्देनजर रखते हुए हमारे युवा प्रधान मंत्री श्री राजीव गांधी जी ने पिछले चार महीनों में जो क्रान्तिकारी कदम उठाए हैं, उनमें से यह भी एक क्रान्तिकारी कदम है।

महोदया, अगर हम हर व्यक्ति को नौकरी नहीं दे सकते तो लघु उद्योगों के माध्यम से हम बहुत से लोगों को रोजगार दे सकते हैं। इसलिए मेरी वित्त राज्य मंत्री जी से विनती रहेगी कि जो आपने लघु उद्योग विकास निगम बनाया है इसके साथ-साथ इसको लघु उद्योग और व्यापार विकास बैंक का दर्जा दिया जाए तो इससे छोटे-छोटे व्यापारियों के लिए सुविधा हो जाएगी। इसके लिए इसमें थोड़ा सुधार करके लघु उद्योग के साथ व्यापार विकास बैंक भी इसमें जोड़ दिया जाए और इसे लघु उद्योग और व्यापार विकास बैंक भी बना दिया जाए तो इसमें छोटे छोटे व्यापारियों के लिए लोन लेने की सुविधा हो जाएगी और जो नेशनलाइज्ड बैंकों के सामने नई नई स्कीमें आती हैं, उनसे सुशिक्षित बेकार युवकों को लोन मिलने में जो कठिनाइयां होती हैं और उसमें काफी भ्रष्टाचार होता है, वह भी दूर होगा और उनको भी इससे सुविधाएं मिलेंगी।

महोदया, एक सुझाव मैं और देना चाहता हूं। जिस प्रकार से इस देश में इनर्जी डिपार्टमेंट के अंदर कोल डिपार्टमेंट भी मिला दिया गया है और उससे जितने भी हमारे सुपर थर्मल पावर स्टेशन थे जिनमें समय पर कोयला नहीं मिलता था, बिजली का उत्पादन कम होता था, कोल डिपार्टमेंट को इनर्जी डिपार्टमेंट में मिलने के बाद समय पर पावर स्टेशनों को कोयला मिलने लगा है चाहे वे स्टेट गवर्नमेंट के हों या केन्द्र के हों। उनमें रॉ मैटीरियल समय पर मिलने लगा है। इसी प्रकार से यह जो हमारा फाइनेंस डिपार्टमेंट है इसके अंदर हम इंडस्ट्रीज डिपार्टमेंट को भी मिला दें तो जो भी लघु तथा बड़े उद्योग फाइनेंस न मिलने की वजह से सिक यूनिट हो जाते हैं, दोनों डिपार्टमेंट एक होने से उनको फाइनेंस समय पर मिल सकेगा। मैं उम्मीद करता हूं कि केन्द्रो सरकार इस पर भी जरूर विचार करेगी

महोदय, हमारे साथी पूर्व वक्ता ने इन बैंकों के हेड आफिस के बारे में चर्चा की। मैं भी अपने कहना चाहता हूं कि अपने लखनऊ में इसका हेड आफिस होना चाहिए यह सुझाव किया है। लेकिन देश के कोने-कोने से चाहे आंध्र प्रदेश के हों, चाहे महाराष्ट्र के हों चाहे गुजरात के हों उनके लिए लखनऊ आना जाना बहुत असुविधाजनक होगा। लखनऊ उत्तर प्रदेश की राजधानी है, एसलिए मैं उसका विरोध कर रहा हूं, ऐसी बात नहीं है। लखनऊ का अपना महत्व है लेकिन इस लघु उद्योग के काम के लिए बैंकों से कर्जा लेने के लिए और दूसरे कामों के लिए कोई ऐंटरप्रेन्योर जाता है तो उसे ऐसे सेंट्रल प्लेस पर होना चाहिए ताकि बैंकों के काम के साथ-साथ दूसरे काम भी वह कर सके। इसलिए मेरी वित्त राज्य मंत्री जी से विनती है कि इसका हेड आफिस दिल्ली या बंबई में रखिए।

महोदया, पिछले 20 सालों में 15 हजार करोड़ से ज्यादा रकम इंडस्ट्रीज को बैंकों के माध्यम से दी गई है, लेकिन इस बैंक के लिए ढाई सौ से 1 हजार करोड़ का जो प्रावधान रखा गया है वह बहुत ही कम है। इसके लिए कम से कम 10 हजार करोड़ का प्राविजन होना चाहिए तभी हम देश में छोटे उद्योगों को सहायता दे सकेंगे।

महोदय, जिस प्रकार से केन्द्र सरकार ने हर डिस्ट्रिक्ट इंडस्ट्रीज सेंटर का निर्माण किया है, उसी प्रकार से हर जिले में इस बैंक की ब्रांचें होनी चाहिए और अगर डिस्ट्रिक्ट इंडस्ट्रीज सेंटर में ही इसका निर्माण कर इसे डिस्ट्रिक्ट इंडस्ट्रीज के अंतर्गत लाया जाए तो उससे छोटे उद्योगपतियों को मदद मिलेगी। मैं उम्मीद करता हूं कि केन्द्र सरकार इस पर भी विचार करेगी।

इसके साथ ही मैं यह भी कहना चाहता हूं कि इन बैंकों से कर्ज देते समय मार्केटिंग का प्राविजन करना क्योंकि वर्किंग कैपिटल समय पर न देने से छोटी छोटी युनिट्स सिक हो जाती है। लेकिन छोटी इंडस्ट्रीज उनको समय पर वर्किंग कैपिटल न मिलने के कारण 90-95% एम०आई०डी०सी० एरिया में हमारी छोटी युनिट्स सिक हो जाती हैं। जो आपके नियम हैं उसके अनुसार समय पर उनको पैसा मिलने की जरूर व्यवस्था करें। इसी प्रकार से स्टेट गवर्नमेंट्स में सेन्ट्रल गवर्नमेंट की फाइनेंशियल इंस्टीट्यूशंस हैं जिस प्रकार से महाराष्ट्र में स्टेट फाइनेंस कारपोरेशन है। हर स्टेट में अलग-अलग कारपोरेशंस है। हमारा कहना है कि ऐसी सब संस्थाओं को बर्खास्त करके इसी बैंक के माध्यम से स्माल स्केल इंडस्ट्रीज को कर्ज देने की व्यवस्था करनी चाहिए।

एक चीज और मैं महत्वपूर्ण बताना चाहता हूं कि 21वीं सदी में जब हमारा भारतवर्ष प्रवेश करने जा रहा है उस समय औद्योगिक क्षेत्र में हमें अपने पैरों पर मजबूती से खड़ा रहने के लिए और इसी प्रकार से इन्टरनेशनल मार्किट को कम्पीट करने के लिए जब तक हम उद्योगों को प्रोत्साहन नहीं देते, समय पर पैसा नहीं देते, दूसरे साधन नहीं देते तब तक उसमें आगे नहीं बढ़ सकते। मैं उम्मीद करता हूं कि इस बैंक के माध्यम से इस देश के करोड़ों-करोड़ युवकों को समय पर लोन देकर, लघु उद्योग में विस्तार पैदा करके, आज जो हमारे सामने बेकारी की समस्या है उसका मुकाबला करने के लिए इस बैंक का बड़े पैमाने पर उपयोग होगा। मैं फाइनेंस डिपार्टमेंट और उनके अधिकारियों तथा मंत्री महोदय का तहे दिल से शुक्रिया अदा करता हूं और इस बिल का समर्थन करता हूं। आपने बोलने का समय दिया इसके लिए आपका भी शुक्रिया अदा करता हूं।

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Madam Deputy Chairman, while I rise to support this Bill I want to make certain observations with regard to it.

[Shri Ghulam Rasool Matto]

In the first instance, the Statement of Objects and Reasons stated that the Industrial Bank of India would function as principal financial institution for the promotion, financing and development of industry in the small-scale sector. I would like the hon. Minister to tell us in his reply as to what concrete promotional measures he has in view with regard to the promotional aspect. Mere financing part is different. What concrete suggestions has he got for the promotion of small-scale industries.

The second point which I would like to make—and which is very important—is that the Small Industries Development Bank of India has been constituted to supplement the present efforts of financing the small-scale industries. The present efforts include financing by State financial corporations. The hon. Minister issues regular circulars to the nationalised banks that top priority should be given for financing small-scale industries. So what happens in a situation like this is that when an entrepreneurs goes to a State Financial Corporation or a nationalised bank he is told casually in order to pass him away that there is now an Industrial Development Bank that would finance him. A circular should be issued from the Government and the Minister should clarify in his speech that this Development Bank is a supplement to the efforts already being made and this is not in lieu of them, because a general impression would go round that this is in lieu of them, otherwise, they will dodge the entrepreneurs.

The third point that I would like to make is this. He has stated that he would give special attention to exports. I would like to know from him what precise measures he has in view for helping the small-scale industries for export performance. This may kindly be clarified so that the people who are really in need of help in regard to export promotion in the field of small scale industries know the precise functions of this Bank and the scope of the assistance to be given by this Bank for export promotion.

At present, the general malady in regard to small scale industries is their sickness and this sickness can be seen throughout the country. A majority of these units are sick. The Minister has to tell this Bank that special efforts should be made to revive these sick units. What can be done about these sick units? There are a number of ways in which help can be rendered to these sick units. I will give you a small instance. Suppose there is a unit which is short of capital and which has already taken loans from certain other banks and financial institutions. Over and above that, it has also drawn money from the State Finance Corporation and from other banks. But it is still short of working capital. Therefore, a scheme should be evolved for providing working capital on the basis of lock and key. Over and above the money that an entrepreneur has received from various other sources, he should be able to borrow money on lock and key basis. It means that the bank will pay a lakh of rupees for procurement of raw materials which will be under the care of the bank or under the lock and key of the bank. But as soon as he pays the money to the bank, the raw materials can be released. In the first instance, he will be able to run his factory and in the second instance, he will be able to repay the loan which he has received from other sources.

I wanted to speak a lot on it. But I would only say that the sum of Rs. 250 crores earmarked for this Bank is just a peanut. There is one silver lining. The Bill says that it can be raised to Rs. 1000 crores. I would request the hon. Minister that since he is not prepared to raise it to Rs. 1000 crores right now, he should start with an initial capital of 500 crores of rupees. He should forget about Rs. 250 crores. Even Rs. 500 crores is such a small amount for the entire country for the small scale industries and he will definitely have to come back to the Parliament even after a year or so to raise it to Rs. 10,000 crores. But right now the start should be from Rs. 500 crores.

My next point is with regard to the nomination of Directors. There is a provision for nomination of Directors. I would only request that there are those institutions, such as Scheduled Banks, Small Industries Corporations, National Small Industries Corporation, etc. who really know the problems. But in order to know what is happening in the small scale sector, one Member of Parliament either from the Lok Sabha or from the Rajya Sabha should be nominated as Director. I would have suggested two Members of Parliament. But in view of the limited number of Directors, a provision should be made at least for one Member of Parliament either from the Lok Sabha or from this House who should be associated with the Board of Directors because his association will keep the Parliament informed about the health of the small scale sector. This can be achieved by him. Under Clause 6(4), the Government has the power to nominate 7 persons from the exporting industries. I would like that from amongst these seven persons, one should be a Member of Parliament. (*Time bell rings*)

Since you have rung the bell, I would conclude by saying that this is a very healthy Bill and I congratulate the Government for bringing this Bill. But the observations made by me may kindly be taken note of and the hon. Minister should reiterate with all the emphasis at his command that this Small Industries Development Bank is a supplement of the existing efforts and not in lieu of the existing efforts. With these words, I support the Bill.

THE DEPUTY CHAIRMAN: Mr. Kapil Verma. He is the last speaker.

SHRI KAPIL VERMA (Uttar Pradesh): Madam, I whole-heartedly welcome this Bill. In fact, we are observing the 20th anniversary of the nationalisation of banks which was done by our great leader, Madam Indira Gandhi. She said that the money of the people must go to the people and must be used for developmental purposes. By introducing this Bill, the Government is going to help the small-scale sector, and the crores and crores of rupees that are going to be spent by this Bank will indeed be of great help to the people. I am very happy that the headquarters of this Bank are going to be located in Lucknow. And I am saying this not because this is my home-town, but because Uttar Pradesh happens to be the biggest backward State of this country.

Madam, if you look around the country, you will find that the headquarters of most of the important Banks are situated in the big cities. There are some in Bombay, there are one or two in Calcutta, one or two in Madras, one or two in Bangalore and some in Delhi. So, as my

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friend was saying, the data shows that the areas which are close to the headquarters of these Banks gain the most. And there should not be concentration of economic activities or economic institutions at few places. There should be decentralisation. And that is why I would say that the Government has taken a very correct decision in locating it in Lucknow. In any case, this Bank is going to have branches in various States. My friend was arguing that it should be at a central place, may be at Bombay or Delhi. I would say that Bombay is hardly a central place.

SHRI G. SWAMINATHAN: I said Hyderabad.

SHRI KAPIL VERMA: In any case, what is important is that the Government has decided to have branches in all the States.

SHRI G. SWAMINATHAN: I only said that it may be located in Hyderabad, not in Bombay.

SHRI KAPIL VERMA: The important thing is that it is in a backward area. Who is going to benefit most from it? The Bill is designed to benefit the small-scale sector. Uttar Pradesh may be politically very advanced. It may have provided many Prime Ministers, but industrially and economically, it is very very backward. So, something has to be done about it. Madam, I need not over-emphasise the importance of small-scale sector. It is already employing 1.07 crores of people. During 1986-87 as the Reserve Bank figures show, it has already contributed 29 per cent of the exports, that is Rs. 3,648 crores which it has contributed.

Madam, I would like to make one or two suggestions before sitting down. In the Board of Directors, the Government must announce that it will give representation to women and the Scheduled Castes and to those who are doing such work at the grass-roots level. Then I would also suggest that the Members of Parliament, as they are being attached to the Review Committees of various Banks, should be attached to this Bank also. This would be a subsidiary Bank of the IDBI, and they will have a common Chairman. I would suggest that as soon as possible the Government should appoint a full-time Chairman for this Bank also so that whole time attention can be given to this particular work which is very, very important. What is more important is proper utilisation of the bank loans that are given to these people. So, it must be ensured that the people who get these loans must have proper skills, and they should be matched with their proper resources. And the Bank should not only give money and take interest on it but also try to arrange technology, raw material, marketing and other things.

Madam, I am very grateful to you for giving me this opportunity, and I feel that by establishing this Bank the Government is helping the small-scale sector and small people. and particularly the poor people for whom Madam Indira Gandhi nationalised the banks and this is in fact the real purpose and the real mission of our Government, i.e., to help the poor people. I am very sure this bank will go a long way in fulfilling these needs. Thank you.

THE DEPUTY CHAIRMAN: Yes, Mr. Minister.

SHRI EDUARDO FALEIRO: Madam Deputy Chairman, I thank all the hon. Members who parti-

cipated in this debate and I would like at the outset to assure each one of them in the House that their valuable suggestions will be kept in mind once we start operating the SIDBI.

Questions have been raised here why this Bill is necessary? You have the IDBI. Why have a new bank? I must say that the IDBI has done an extremely good work in the field of promotion of industries generally, including small scale industries. At least one of the members has pointed out that the IDBI is a pioneering institution and a shining example of what a developing country can do in terms of financing industrial development. There is hardly any and as far as my knowledge goes, there is not a single institution of the kind of IDBI which has attained the eminence and respectability and credibility of the IDBI. When the Industrial Development Bank of India was set up, the assistance to small scale sector was merely Rs. 13 crores in 1970-71. It has grown to Rs. 1,746 crores in 1987-88, and Rs. 1,491 crores in 1988-89, i.e. the first nine months, representing 31 per cent of aggregate sanctions during the year. All this has been the achievement of the IDBI as far as the small scale sector industries are concerned. However, there has been a long-standing demand from industrialists and those concerned in an overall manner with the small industries sector for having a specialised institution to take care of the small industries. And this is a demand which is a genuine demand and which is a very well reasoned demand because there is need for special attention to this sector. Small industries have, at least what strikes me immediately, two major objectives. One is spreading industrial culture and industries not merely in different States of the country but also in different areas of the State, as opposed to the concentration of industries. Another very important function which is served by the small industries is the provision of employment and provision of employment, by and large, in the areas where the employees, or the potential employees live. This morning the Prime Minister has adverted and has signalled what is the intention and the policy of the Government, namely, to have industrial development not merely for the sake of growth and production of goods, yes for the sake of growth and production of goods, but also primarily for the sake of creation of more and more employment opportunities. Now, if this objective is to be achieved, the small industries sector will be the primordial weapon or vehicle to attain this objective of providing more and more employment. Therefore this new institution is being set up. Unlike IDBI the Board of SIDBI will comprise amongst others of industrialists and experts having special knowledge of small scale sector and village and cottage industries, which would enable the SIDBI to devise new schemes and strategies for further development of small scale sector. Some of the important areas which need urgent attention are developing exports of products manufactured by small scale sector, speedier revival of sick SSI units and organising marketing support for the end products of SSI and tiny sector. It is expected that the SIDBI will be able to address itself to these areas on a priority basis.

Now I would like to refer to some of the major points which have been raised here and if I am

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answering these points, I do not mean that the other points, we are not taking them into account but the other points...

SHRI A. G. KULKARNI (Maharashtra): Mr. Minister, would you kindly yield for a minute? I want to get one point clarified. When you say that the IDBI is already advancing funds and there is a small industries development fund, everything is there, don't you think—I wanted to speak on the Bill, but it was in a great hurry that we wanted to pass the Bill—that the involvement of the urban cooperative banks is necessary in the present context? Urban cooperative banks have a major role to play for small industries and small traders. Whether any urban co-operative bank or a co-operative bank itself is involved in this matter and how the IDBI or the new bank SIDBI and the commercial banks. the nationalised banks are going to coordinate? I would request the Minister to explain.

SHRI EDUARDO FALEIRO: There is a point which has been raised in the course of the debate that now that the SIDBI is being created, other institutions that were looking after small industries may turn round and say, please don't come to us; go to SIDBI. I would like to say that we must look at these operational difficulties keeping in mind as to what is the objective of the creation of SIDBI. The objective is to help the small-scale industry and not to create any additional problems for them. Therefore, when we implement this Act, we must keep it in mind and see that bottlenecks are removed and that these bottlenecks are not created. Regarding the point raised by Mr. Kulkarni just now, I would like to say that the State co-operative banks would be eligible for refinance from SIDBI as per clause 13(i) of the Bill. This clause also provides that Central Government may on the recommendations of IDBI specify any other institution for availing of refinance from SIDBI. The Government, the IDBI, would thus be able to specify urban co-operative banks under this clause after consideration on merit, of course. That we will do. Therefore, this position which has been put forward by Mr. Kulkarni is not rejected outright; on the contrary, the approach is positive. But we will have to look at it on merit in individual cases as in every case of sanctioning financial credit.

Now I would like to say on the point of Lucknow having the headquarters and not, for instance, Hyderabad or some other place.

AN HON. MEMBER: Why not Hyderabad?

SHRI EDUARDO FALEIRO: It cannot be in all places. Headquarter has to be at one place, and we thought that in view of the concentration of industries in different places, in view of the fact that industries must be spread out and in view of the fact that U.P. is the largest State, fairly central geographically, and in many respects. we thought we should have headquarters in Lucknow. But this is the thinking at this point of time. The thinking which is definite, however, is on the question of having offices of SIDBI in every single State capital so that no State suffers for not having SIDBI headquarters. No State will suffer.

AN HON. MEMBER: Is it an assurance or...

THE DEPUTY CHAIRMAN: Loud thinking.

SHRI RAOOF VALIULLAH (Gujarat): In regard to IDBI, it took a long time to establish regional offices.

SHRI EDUARDO FALEIRO: There is a point; I will come to it in a moment. When we started with IDBI infrastructure, it was made a subsidiary of the Reserve Bank, and the Chairman was also from Reserve Bank. Now the point is raised why we want to have a separate institution like SIDBI if the Chairman of IDBI is to be the Chairman of SIDBI. It is to maintain links in a new institution, in a nascent institution. The advantages of this linkage are obvious at the moment and will become even more obvious as SIDBI starts working. But I would like to say again that though the Chairman will be the Chairman of the IDBI, SIDBI will be the subsidiary, SIDBI will have a Managing Director who will look after the work and affairs of the SIDBI, and therefore there will be no problem in that regard.

SHRI T. CHANDRASHEKHAR REDDY: (Andhra Pradesh): Will it be full-time or only...

THE DEPUTY CHAIRMAN Don't interrupt, please.

SHRI EDUARDO FALEIRO: The point has also been raised and raised very forcefully that SIDBI should be development-oriented. The Bill provides that besides providing financial support, SIDBI will undertake developmental activities for promotion of industries in the small scale sector, including entrepreneurial development programmes, raw materials and marketing support for healthy growth of SSI units. Clause 13(i), sub-clauses 22 and 31 enable SIDBI to undertake such developmental activities. The point is extremely well taken that giving money alone is not going to make a success out of industries, whether they are large, medium or small. It is necessary that infrastructure is there to absorb this money and to make it more productive. We have been having problems in this regard in terms of marketing and obtaining raw materials and last but not the least in terms of effective and competent management of these industries which will run them efficiently. Often the problem is not of supply of credit but of existence of these facilities, whether in terms of material infrastructure or in terms of human infrastructure, such as managerial skills of the people who run industries. Often they do not know how to run the industry. They are told that there is a very good market for a particular industry, they just rush to set up the particular industry, but their expectations are belied and they are unable to cope with the situation as it emerges and develops. Therefore, this question of entrepreneur development programme, the question of establishing backward linkages in terms of supply of raw materials in adequate quantities, the question of forward linkages in terms of effective marketing facilities and strategies — all these questions are important and SIDBI will surely concentrate on this aspect in the context of development banking in the context of awareness that these things are essential.

On the composition of Board of Directors, we have decided and the Bill so says that there should

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be adequate representation of non-officials from small scale sector, especially tiny sector, and there will also be representation of women and Scheduled Castes and Scheduled Tribes.

As per clause 6(1) the Board of SIDBI will consist of 15 directors representing various agencies, including RBI, NABARD, KVCI, State Financial Corporations, Small Industries Corporation banks as also the experts having special knowledge in the field of small scale sector. Sub-clause (d) provides for 7 representatives from outside, experts in the small scale sector which gives considerable flexibility for providing representation to all categories, including women, SC/ST entrepreneurs, tiny sector etc.

It has also been said that SIDBI should provide not merely the term loan but also working capital. The working capital is to be provided by the banks in the usual course. However, SIDBI will operate the existing single window scheme which provides working capital assistance through SFCs to project costing up to Rs. 5 lakhs each.

A point has been made by more than one speaker that all that schemes are there, all the facilities are there, but hardly anybody takes advantage of these facilities though people are interested in taking the benefits of these different schemes. Mention was also made of the composite loan scheme of the national equity fund scheme and of the single window scheme for financing tiny industries in rural and semi urban areas. I must agree here that though these schemes are there people are not taking advantage of the schemes to the extent that they could or they should, if they were aware of the existence of these schemes. We are strengthening our awareness programmes of these different facilities. I am sure that SIDBI, once it comes into existence, will also give particular importance to spreading awareness of these different schemes of the different facilities available and contribute to the overall development of skills and infrastructure so that the small scale sector could make even further contribution to the national economy.

At the moment there are about 16 lakh units which provide employment to over 107 lakh persons. This small scale sector exported goods worth Rs. 3649 crores which accounted for 29 per cent of total exports from the country. We have no doubt that once this institution is set up, the progress will accelerate and it will be in the interest of the people who are involved in the small scale industries, it will be in the interest of the national economy as a whole.

Once again I thank all the Members for their participation in the debate.

THE DEPUTY CHAIRMAN: The question is:

> "That the Bill to establish the Small Industries Development Bank of India as the principal financial institution for the promotion, financing and development of industry in the small-scale sector and to coordinate the function of the institutions engaged in the promotion financing or developing industry in the small-scale sector and for matters connected therewith or incidental ted therewith or incidental thereto, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill.

Clauses 2 to 54 were added to the Bill.

The First Schedule and the Second Schedule were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI EDUARDO FALEIRO: I beg to move:

"That the Bill be passed."

The question was proposed.

SHRI G. SWAMINATHAN: Madam, the point is this. On clause 13(1) (xxviii), I want to have a clarification from the hon. Minister. Is the SIDBI contemplating setting up joint sector industires? Because the clause says: "promoting, forming, or conducting or associating in the promotion, formation or conduct of companies...etc." Does that mean that you are going to have joint sector projects in the small scale industries sector?

Then coming to clause 21(1), what is this Small Industries Development Assistance Fund? We are not clear what exactly it is.

Again, coming to clause 40, you have a clause which says that the Bank can call back the funds. It says: "to discharge forthwith in full its liabilities to the Small Industries Bank" before the agreed period. Why are you having this clause?

Then regarding Board of Directors' Chairman, clause 6(1) says, "the Chairman of the Development Bank, if he is a whole-time Chairman, and if he is not a whole-time Chairman, the Managing Director of that Bank, shall be the *ex officio* Chairman of the Small Industries Bank". I am not clear, if he is whole-time Chairman of IDBI, how can he again become whole-time Chairman of SIDBI? And if he is not a whole-time Chairman of IDBI, he cannot be the Chairman and the Managing Director will automatically become the Chairman. There is a contradiction there. If it is a whole-time Chairman, then he can be the Chairman of SIDBI. Or, does it mean that he is the wholetime Chairman of the Industrial Development Bank and he will also become the wholetime Chairman of SIDBI? If it is the wholetime Chairman of the IDBI, he automatically becomes fulltime Chairman of this. How can one, for two institutions, even though one is a subsidiary, become the wholetime Chairman? He can spend eight or ten hours. I know, the Chairman of IDBI spends 12 hours, but that is a different matter. How many hours can he spend for this? How can he be the fulltime Chairman of two institutions at the same time?

4.00 P.M.

THE DEPUTY CHAIRMAN: Shri Raoof Valiullah.

SHRI RAOOF VALIULLAH: Madam, one clarification I want to seek from the honourable Minister is about the share of backward areas in loans given by financial institutions at the national level. The share of backward areas fell by about two-thirds during 1987-88 from 46 per cent in 1984-85. Therefore, the financial institutions are guilty of not paying attention to backward areas. A Report on Development Banking in India—1987-88 brought out by the IDBI says that such institutions are paying less attention to the development of backward areas. The honourable Minister, while replying, has not mentioned about SIDBI's role in backward areas and loans given in backward areas. Would the honourable Minister please clarify?

SHRI EDUARDO FALEIRO: Madam Deputy Chairman, I will

also go backwards, as you have pointed out. Beginning with the last speaker, his allegation is that we are not paying enough attention or we are paying decreasing attention or we are paying decreasing attention to backward areas.

SHRI RAOOF VALIULLAH: I have not alleged that| It is in the IDBI's report.

SHRI EDUARDO FALEIRO. It is your information. I would like to say one thing. I have myself visited every single State of this country excepting one, that is, Himachal, which I will visit within a few days just to review what the financial institutions are doing. In this context I would like say that they are paying special attention to backward areas, but it is not just enough if they only pay special attention to the backward areas. It is also necessary that for money which is there, there must be opportunities, there must be people prepared to set up industries there must be marketing and raw material facilities. Labour problems also must not be there. There are all not things that the financial institutions can take care of.

SHRI RAOOF VALIULLAH: How will you remove regional imbalances?

SHRI EDUARDO FALEIRO: I will tell you how we will remove regional imbalances. But, first I would tell you, don't expect that all imbalances, regional or otherwise, and all problems concerning small industries are to be or can reasonably be, solved just by the financial institutions. It requires the concerted efforts of the financial institutions including of the State, and the different agencies of the State and the Central Government. Therefore, all I would like to say is that we have a special thrust for attention to backward areas, but unless there is this infrastructure with facilities to absorb the credit—and this infrastructure has to be created by agencies other than financial institutions—our efforts will not go a long way. But we shall have again to keep it in mind to find ways, coordinate and have an integrated approach with other agencies of the State and Central Government so that credit becomes productive and the backward areas also come up.

THE DEPUTY CHAIRMAN: We won't mind your going backwards to develop the backward areas, but now, you go forward!

SHRI EDUARDO FALEIRO: I again go backwards, Madam, with regard to my other friend. He objects to this clause 40 where the Small Industries Development Bank will ask for money to be repaid even before the term of repayment expires. I respectfully submit, Madam, in my view he has not read what the conditions are. It can only ask for the money before the established term expires if it appears that the company has been giving false or misleading information in any material particular in the application. Obviously, if the company or the borrower is giving false or misleading information, that is the reason for recalling the whole agreement including the money which has been advanced or if the industrial concern has failed to comply with the terms of contract, and so on and so forth, broadly in regard to the terms. As far as other matters are concerned....

SHRI G. SWAMINATHAN: You have not given...

SHRI EDUARDO FALEIRO: I would not take much time, Madam.

As far as other matters are concerned regarding clause 21, sub-clause (2), it reads:

"The Small Industries Bank may, at any time establish any fund as part of the Small Industries Development Assistance Fund for such purpose or purposes as may be approved by the Central Government..."

That means it is not a new fund which is being established, but a portion of the Small Industries Development Assistance Fund can be allocated if in the opinion of the authorities mentioned in clause 21, sub-clause (2) it is so necessary for any specific purpose I don't think anybody will object.

Thank you very much.

THE DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

GENERAL INSURANCE BUSINESS (NATIONALISATION) AMENDMENT BILL, 1989

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): Madam, I move:

"That the Bill further to amend the General Insurance Business (Nationalisation) Act, 1972, as passed by the Lok Sabha, be taken into consideration."

The question was proposed.

[The Vice-Chairman (Shri V. Narayanasamy) in the Chair.]

SHRI RAOOF VALIULLAH (Gujarat): Mr. Vice-Chairman, Sir, I rise to support the General Insurance Business (Nationalisation) Amendment Bill, 1989.

Sir, the general insurance industry is one of the profit making enterprises in the public sector with a sizeable contribution to socially oriented schemes. As the bulk of the population of the country lives in rural areas, the special target area for concentrated action on the part of the general insurance business must also be directed towards villages. The emphasis so far given on urban areas with regard to general insurance may now be shifted to rural areas. It would be interesting to know if the hon. Minister can give me the statistics on the percentage of business of the General Insurance Corporation in urban areas and what it is at present in rural areas. If these statistics are known, probably the Government may be able to fix its attention on the rural areas also where general insurance is needed.

Sir, the present ceiling of Rs. 75 crores as authorised capital is now considered inadequate with the growing population and expanding business. Therefore, through this Bill it is sought to be raised to Rs. 250 crores. It is an increase of Rs. 175 crores. Sir, I would like to know from the hon. Minister whether it is adequate keeping in view the anticipated growth of the income and profit of the Corporation in the next ten years. If we see the growth in the last ten years I think, the capital base could have still been increased without coming to the House again because in the next ten years the growth would be tremendous as far as the general insurance business is concerned I think the hon. Minister may consider that the authorised capital may be raised to